Flood Insurance Premium Increases
And Increased Cost of Compliance Eligibility
Manual for Homeowners

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To learn your current and future flood zone, and to get information about your insurance rates

go to floodhelpny.org

All premium calculations in this manual are based on the November 15, 2015 FEMA rate tables. Some rates have increased slightly since then.
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Who Is Required to Carry Flood Insurance and How Much?

Regardless of any requirements:

- Anyone at risk of flooding should ideally carry enough flood insurance to cover the cost of rebuilding their home if it is destroyed, up to the maximum policy amount of $250,000.

- If the home is newer construction and is unlikely to be completely destroyed in a flood, it may be adequate to purchase enough flood insurance to cover significant damage to the home below the base flood elevation plus 2 feet. For example, if the home only had $100,000 in damage after Sandy, maybe that is a good level of coverage to buy. But, be aware of 80% rule (below)!

- IMPORTANT: If the home is not insured for at least 80% of the cost of replacing the structure, the insurer will only pay you the “actual cash value” for any loss, rather than “replacement cost value” (the cost to rebuild or repair the damage). (See explanation on page 6.)

- Buying some coverage for your contents is a good idea. Remember, though, that most contents in a basement will not be covered by your policy.

The following are minimum requirements. More than one of these requirements may apply to you. You must meet the highest of the requirements that apply to you.

People who received assistance from FEMA's Individual and Household Assistance Program (“IA” or “IHP”):

- Must purchase coverage for at least the amount of the FEMA grant that you received.
- Recipients of FEMA aid who do not purchase flood insurance and who later apply for FEMA Assistance for the next serious flood will not be eligible for FEMA help for any repair/rebuild needs and will not be eligible for any other form of federal repair/rebuild help (like Build It Back).
- The flood insurance purchase requirement stays with the property forever. You must tell this to anyone you sell the property to.
- The requirement sticks to the address, even if the building is demolished and a new building is built.
People with a mortgage:

- If you have a mortgage and live in a special flood hazard zone (AE or VE), you must have flood insurance up to:
  - the amount of the unpaid balance on the mortgage; or
  - the cost to fully rebuild the home (“replacement cost” for the building); or
  - the maximum policy amount of $250,000 for the structure, whichever is less*

Many mortgage companies tell homeowners that they must carry coverage for the unpaid balance on the mortgage. This may be too much coverage, because land values in NYC are high. Ask your insurance company what the replacement cost of your building is: you are wasting money if you over-insure.

- This requirement to purchase flood insurance ends when you have paid off the mortgage in full. (But remember, if you have another independent requirement—such as getting FEMA help—that requirement probably continues past the end of your mortgage).
- If you do not buy flood insurance, the mortgage company is likely to “force place” insurance on the property and pass the cost on to you by increasing the escrow portion of your monthly mortgage payment.
- “Force-placed” insurance is often more expensive than homeowners-purchased insurance and often gives you less protection than a policy you purchase.

Recipients of Small Business Administration (SBA) loans:

- Must purchase flood insurance up to the market value of the structure (not including the land) or the maximum of policy amount of $250,000, whichever is less.
- Even after the SBA loan is paid off, you or the future purchaser of the property must keep flood insurance for at least the FEMA aide maximum (currently $32,400, but it increases periodically),
- Like mortgage banks, the SBA will force place insurance on the property and pass the cost on to you, if you do not buy a policy while you are repaying the SBA loan.
- Failure to comply may make you ineligible for any form of federal assistance (like Build It Back) for any future flood damage to the building.

Recipients of Build It Back assistance:

- Recipients of Build It Back assistance (whether in the form of cash or services like repair) whose property is in a special flood hazard zone (AE or VE) must maintain flood insurance up to the Build It Back grant amount, or the maximum flood insurance policy of $250,000, whichever is less.
- Since the requirement comes from Build It Back’s use of federal funds (Community Development Block Grant-Disaster Recovery funds), the requirement is permanent and stays with the property.
- If you sell the property, you must tell the buyer about the flood insurance requirement.
- Failure to buy flood insurance will make you (or the future buyer of your home) ineligible for any future federal flood assistance (FEMA, SBA, or any Build-It-Back type program).

* Current legislation only requires flood insurance for federally insured mortgages (e.g. Fannie, Freddie, FHA, or VA), but most mortgage companies will require flood insurance to protect their interest in the property. Most mortgage contracts allow the mortgage company to do this.
How do I know the value of the “structure” separate from the land, or the replacement cost of the structure?

- If you filed an insurance claim after Sandy, the “Final Report” or “Proof of Loss” that the insurer sent you should list the current value of the structure and its replacement cost.

- Your homeowners insurance policy should include this information. Contact your homeowners insurance company to ask both the current structure value and the replacement cost.

For Single-Family Homes: purchasing a policy for less than 80% of the replacement cost of the structure will mean a smaller insurance payout.

- Only applies to single-family homes, not homes with 2 or more apartments.
- The replacement cost of the structure is not the same as the current value of the structure. Replacement cost is the cost to rebuild the structure from the ground up.
- If you purchase a building policy for less than 80% of the replacement cost of the building, the insurer will only pay a claim at “actual cash value” of the loss, not “replacement cost value.”
- “Actual cash value” is the value of the building or contents today, taking age, wear and tear into account. In other words, it is a depreciated value.
- Examples of the difference between actual cash value (ACV) and replacement cost value (RCV):

  - On a claim for $250,000, the difference was about $29,000 (i.e. homeowner only got $221,000)
  - On a claim for $198,000, the difference was about $26,500
  - On a claim for $43,000, the difference was about $8,400
  - On a claim for $37,000, the difference was about $3,700

These are examples only. The difference in any given claim depends on what was damaged, because depreciation rates vary. For example, drywall depreciates faster than floor joists do.
What Premium Increases Can Homeowners Expect?

Two Independent Causes: Subsidies are being phased out and FEMA is revising the NYC flood risk map

1. Elimination of Subsidies:

Many homeowners in special flood hazard zones have been paying low, subsidized flood insurance rates. After Hurricane Katrina, FEMA went $18 Billion in debt. The Biggert-Waters Act of 2012 sought to address this by requiring that all flood insurance policies have premiums that match the property’s risk. It mandated that these new, often much higher rates be phased in within five years. Due to the devastating financial impact that these premium increases would have on many coastal homeowners, congress enacted the Homeowners Flood Insurance Affordability Act (HFIAA) in 2013. The HFIAA slowed the phase-in of full risk rates, but it did not stop the rate increases.

These premium increases began in 2013 and are continuing. The HFIAA allows FEMA to increase premiums 15-18% per year.

2. Changes to the NYC FEMA Flood Risk Map:

There is also another, independent reason that flood insurance costs will be increasing for many New York City properties in the next 3-7 years: FEMA is revising the Flood Insurance Rate Map (FIRM) for New York City. The preliminary version of the revised FIRM for NYC dramatically increased the size of the high-risk flood zones here (the Special Flood Hazard Area, mainly AE and VE zones), and increased the projected flood height (Base Flood Elevation or “BFE”) by several feet for many homes already in the high-risk zones. Some homeowners may be able to protect themselves, at least temporarily, from these rate changes by “grandfathering,” but many homeowners will not be able to “grandfather”, and Congress could eliminate the grandfathering option at any time.

Premium increases from the map changing have not yet begun. NYC has not yet adopted the new FIRM.
What Factors Affect the Rate You Pay?

1. Your Flood Hazard Zone (high-, moderate-, or low-risk)
   - The Flood Insurance Rate Map (FIRM) in New York is changing: your current zone may not be your zone when the revised FIRM maps are adopted.
   - You can find your home’s current and estimated future flood zone by going to:
     - floodhelpny.org
     - Region2coastal.com
   - High-risk zones in NYC are AE or VE.
   - The moderate-risk zone is X.
   - New York City is likely to adopt new FIRM maps sometime after 2018. We cannot say for sure when. At that point the new flood zones and elevation standards will take effect for rating.

2. The “Base Flood Elevation” (BFE) for Your Address
   - FEMA’s BFE is the projected water height above sea level for a serious storm (a “100-year storm”). FEMA sets a BFE for all property in a special flood hazard area (AE and VE).
   - If you are in a special flood hazard zone (high risk zone), your premium will be based on how far below or above the BFE your home’s actual elevation is (measured from sea level).
   - To learn your current and future BFE requirement, go to:
     - floodhelpny.org
     - Region2coastal.com

3. Property Characteristics
   - How far below (or above) the Base Flood Elevation (BFE) the home’s lowest floor is.
     - Elevation is measured against sea level, not the surrounding ground.
     - Elevation is measured from the top of the ”floor” of your home’s lowest “floor.” (FEMA uses two different meanings of the word “floor.”)
     - “Top of the floor” means where your rug lies
     - “Lowest floor” means the lowest story of the home.
     - Your home’s elevation is measured from where the rug lies in the lowest story.
   - Basements count!
     - The floor of the basement is where the home’s elevation will be measured from.
     - It does not matter whether the basement is finished or unfinished.
     - The rates account for the fact that the lowest floor is a basement (and therefore has limited coverage). Being 4 feet below BFE with a basement is not as bad as being 4 feet below BFE without a basement, in terms of the premium cost.
   - In elevated homes, an “enclosure” below the first floor should not be “finished.” To qualify as unfinished, the lowest story must have less than 20 linear feet of drywall. An “enclosure” is a ground-level story that is used only for park or storage.
   - Raising mechanicals (boiler, etc.) out of the basement can reduce your premium, but not by much. (It will dramatically reduce the damage to your home from another flood, and speed your return home after the flood.)
Source: A Stronger, More Resilient New York/FEMA
How Quickly Will Rates Increase?

The following describes the current status of the law, under the Homeowner Flood Insurance Affordability Act of 2014 (HFIAA). Congress could change the law at any time. Congress is under pressure to reduce FEMA’s debt and could change the flood insurance rules and rates at any time. Remember, there are 2 separate reasons that rates are increasing in New York City, and each has its own timetable and terms.

1. **Phase-out of Subsidies:** (began in 2013)

**1-4 family homeowners (primary residence): 15-18% increase per year**

- These increases will continue until the premium reaches the standard (risk-based) rate, but FEMA does not know what the home’s standard rate should be without an elevation certificate: Many NYC homeowners are already paying too much under their “subsidized” premium: Getting an elevation certificate and giving it to FEMA is the only way to stop the rate increases for your property, if you are paying a “Pre-FIRM subsidized” rate and have already reached or exceeded the standard rate.
- Look for the words “Pre-FIRM subsidized” in about the middle of your flood insurance Declaration page. If it says “Pre-FIRM subsidized,” you may be paying too much.

“Severe repetitive loss” properties: 25% increase per year

- “Severe repetitive loss” means a property:
  (a) that has at least four NFIP claim payments (including building and contents) over $5,000 each, and the cumulative amount of these claims payments exceeds $20,000; or
  (b) for which at least two separate claims payments (building payments only) have been made with the cumulative amount of the building portion of such claims exceeding the market value of the building.
  (c) For both (a) and (b) above, at least two of the referenced claims must have occurred within any ten-year period, and must be greater than 10 days apart.
- Annual premium increase of 25% until the standard (risk-based) rate is reached.

**Second Homes and Businesses: 25% increase per year**

- Annual premiums increase at 25% of the standard rate until the standard rate is reached.

2. **Revision of NYC’s Flood Risk Maps:** (in the future)

FEMA is revising NYC’s Flood Insurance Rate Map (FIRM), and the new map is expected to expand the high-risk zones and increase the BFEs in existing high-risk zones. If a property’s flood insurance rate changes because of a map change, that full rate change will take effect at the beginning of the next policy year (when you renew your policy for another year). There is no phase-in for these new rates generally, but some homeowners may be able to keep their former rates by “grandfathering.” Also, people currently in the X zone who are remapped into an AE or VE zone may be able to use the “Newly Mapped” subsidy program to gradually phase-in the rate increase.
What Does a 15% or 18% Rate Increase Look Like?

Your Rate Will Double About Every 5 Years

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<tr>
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<th>15% per year</th>
<th>18% per year</th>
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...and so on until the full-risk rate is reached.

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<th>Year</th>
<th>15% per year</th>
<th>18% per year</th>
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</thead>
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...and so on until the full-risk rate is reached.

Remember, the rate increases will stop once the homeowner reaches the full-risk rate. But you need an Elevation Certificate to know when you have reached that point. If you are in an AE or VE zone, get an Elevation Certificate now!
When Your Home’s Flood Insurance Cost Rises, Your Home Loses Value

- A $500 flood insurance premium increase can cause a $10,000 decrease in home value.

  Each $5,000 premium increase could lead to a $100,000 loss in the home’s value.

- A home with a $5,000-$10,000 annual flood insurance premium may be hard to sell at anything close to its pre-Sandy value, or even its value today.
What Is An Elevation Certificate, Why Do I Need One, and How Do I Get One?

- An elevation certificate states the elevation above sea level of the home’s floors.
- If you are in an AE or VE zone and paying the “Pre-FIRM Subsidized” rate, getting an elevation certificate may lower your flood insurance cost. (To know whether you are paying the “Pre-FIRM subsidized” rate, look for those words in small print in about the middle of your flood insurance Declaration page.)
- Whether an elevation certificate will lower your flood insurance premium depends on how far above or below the current Base Flood Elevation (BFE) requirement your home’s elevation is.
- An elevation certificate is prepared by a surveyor or engineer and costs $500-$800, possibly more.
Is There Some Way to Estimate a Home’s Elevation without Hiring a Surveyor?

- If you are in Build It Back:
  - You can use the information in your Feasibility Report. See instructions below.

- If you are not in Build It Back:
  - New York City has data on the ground elevation above sea level for all properties. Based on that ground elevation measurement, you can make the other measurements you need to get a rough estimate of what your unsubsidized flood insurance premium will be.
  - The City’s ground elevation data is public, but is difficult to access without special software.
  - If you would like LSNYC to look up your ground elevation and help you estimate the elevation of your “lowest floor” for rating, please contact Margaret Becker (mbecker@lsnyc.org).

How to Use a Build It Back Feasibility Report to Estimate Your Home’s Elevation

A Build It Back “Feasibility Determination Report” gives enough information about a property to get a ballpark estimate of the home’s current elevation. You cannot rely on this as a precise determination of the home’s elevation. There are variables that could change the estimate by several feet. However, this information can give you a rough idea of the home’s current elevation. You should still hire a professional to determine accurately the home’s elevation.

- The first page of the Feasibility Determination Report states the homes lowest adjacent grade (LAG) and height of the first floor above ground (FFAG).
- The illustration on the following page shows you where to find this information on the Report.
- It makes no difference whether the below-ground space is a basement or a cellar: both have the same effect on the home’s elevation and rating. (Crawlspaces are different, however.)
- To calculate the elevation of a home with a basement or cellar:
  - Add the FFAG to the LAG, then subtract the height of the basement (normally 8”).
  - The result is your home’s approximate elevation above sea level.
- If your home is elevated on a crawlspace
  - add the FFAG to the LAG.
  - The result is your home’s approximate elevation above sea level. (You should now turn to the page on how a crawlspace affects premiums.)
- If your home is elevated on an unfinished enclosure, such as an unfinished garage:
  - add the height of that enclosure to the LAG.
  - The result is your home’s approximate elevation above sea level.
- Next, compare your home’s elevation above sea level to FEMA’s Base Flood Elevation (BFE) for your property.
  - If the home’s elevation is close to or above the Base Flood Elevation (BFE), your flood insurance cost will be reasonably affordable (see rate tables in following tables).
  - If the home’s elevation is far below the BFE (more than a foot or two), your flood insurance will likely be costly.
NYC Houses:
Feasibility Determination Report

Property Overview:

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Summary of Program Offering and Findings:

Future Flood Zone (Special Flood Hazard Area)

Base Flood Elevation (future FEMA required home elevation, based in preliminary maps. These elevation requirements should take effect in early 2016)

Lowest Adjacent Grade (height of ground around home)

First Floor Above Ground (distance between the lowest ground point near the building and the bottom of the first floor above ground)
Are You, or Will You Be, Eligible for a Subsidized Flood Insurance Premium?

The following information reflects current FEMA policies and law. Those policies and law could change. These subsidies may or may not exist in the future, and the eligibility rules could change.

There are four types of rate subsidies. Two of them are available now and two of them would be options when the Flood Insurance Rate Map (FIRM) for NYC changes:

**CURRENT SUBSIDIES:**

1. **Preferred Risk Policy (PRP):** In an X zone; and damaged by flooding only once (over $1,000 damage) in the last 10 years.

2. **Pre-FIRM Rate:** Homes built before November 16, 1983 (in New York City)
   The Pre-FIRM subsidy is a temporary subsidy: the rates are increasing every year and will increase every year until they reach the standard rate.

**FUTURE SUBSIDY OPTIONS (when a new flood risk map is adopted):**

1. **Grandfathered Rate (“Continuous Coverage” or “Built In Compliance”):** In an X zone now and moving into an AE or VE zone in the new flood maps; OR in an AE or VE zone now and the Base Flood Elevation (BFE) is higher in the new maps.
   - **Most people need to buy a policy before the map changes to be able to grandfather.** Don’t take a chance: buy a policy before the change.
   - **If you or a prior owner has ever let a flood insurance policy lapse, you will not be able to grandfather, unless you qualify for “Built-in-Compliance” grandfathering.**
   - **For all grandfathered rates except Built-in-Compliance grandfathering, if you ever let your policy lapse, even if it isn’t your fault (for example, broker or mortgage company error), you will permanently lose grandfathering. Your rate will jump up to the standard rate for your zone and elevation.**

2. **Newly Mapped Rate:** Homes currently in an X zone that are moving into an A or V zone, and that currently qualify for Preferred Risk Policy (i.e., have been damaged by flooding only once with over $1,000 damage, paid for by FEMA, SBA, or flood insurance in the last 10 years).
   - **Under the Newly Mapped subsidy, your rate will start at the low Preferred Risk Policy rate (usually under $500) and increase by 15-18% per year until you reach the standard rate for the X zone.**
   - **You can get this subsidy if you qualify (X zone and only 1 claim payment over $1,000) and you buy a flood insurance policy within 10 months after the map change.**
   - **If you have a second claim over $1,000 within 10 years, you will immediately lose the subsidy.**
Currently Available Subsidy

**Preferred Risk Policies ("PRP")**

Preferred Risk Policies are far cheaper than any other type of policy or subsidy!

Premiums for 1-4 family residential buildings range from about

**$150 to $500 per year**

depending on the amount of coverage you request.

To be eligible for this low premium, you:

- Must be in an X zone, and
- Must have a “qualifying flood loss history”

Your property’s flood loss history includes flood insurance claim payments as well as any federal flood disaster payments, including FEMA awards, SBA loans, Build It Back or New York Rising payments that you or a prior owner received in the last 10 years.

The flood loss history concerns the *property*—regardless of whether you owned it at the time.

**Flood loss history:**

If you have any of the following flood loss histories over the past 10 years means you ARE NOT ELIGIBLE for a PRP:

1. Two flood insurance claim payments for more than $1,000 each, for *separate* losses (different floods);

   **Examples:**

   - You received $1,001 flood insurance payment for Hurricane Irene and $4,000 flood insurance payment for Sandy: you *are not eligible* for a PRP.

   - If you received $800 from flood insurance for Irene, and received $120,000 from flood insurance for Sandy: you *are eligible* for PRP.

   It does not matter if the Sandy payments came in separate checks at separate times, since they were all for one flood event (Sandy). You still qualify for a PRP (assuming none of the other items on this list apply).

2. Three or more flood insurance claim payments for separate losses, regardless of amount;
Remember these are payments for *separate* losses (different floods): If your only loss in the last 10 years was Sandy damage, and you got 3 checks—a $10,000 advance, then a $20,000 loss payment, then an additional $15,000 payment for something the insurer missed in the first evaluation of your claim, you still qualify for PRP.

3. Two federal flood disaster relief payments (including FEMA, SBA loan, Build It Back, or New York Rising), each more than $1,000, for separate occurrences (different floods);

4. Three federal flood disaster relief payments for separate occurrences, regardless of amount;

5. One flood insurance payment and one federal flood disaster relief payment, more than $1,000 each and each for separate losses.

What happens if you have a Preferred Risk Policy, and there is another flood?

If the new flood puts you in one of the five categories above, you will lose your Preferred Risk Policy at the next policy renewal. When the policy comes up for renewal, your premium will move to the standard X zone rates.

**Important:** Grandfathering won’t keep you in a Preferred Risk Policy.

If you grandfather to stay in an X zone when the maps change, you will **not** be able to keep your Preferred Risk Policy.

Your rate will be the standard rates for the X zone. (You may be eligible for a one-year Preferred Risk Policy under the Newly Mapped subsidy).
Currently Available Subsidy

Pre-FIRM Subsidy

This is a temporary subsidy: your rates will gradually increase to match the standard (Post-FIRM) rates. The benefit of this subsidy is only that it will take a longer time for your premium to reach the standard rates.

A “pre-FIRM” home in New York City is a home that was built before November 16, 1983. “Pre-FIRM” means a structure built before the community adopted its first Flood Insurance Rate Map (FIRM). New York City adopted its first FIRM in November 1983.

The rates vary based on these building characteristics:

“Basement” Any area of the home having its floor below ground level (subgrade) on all sides, unless it fits the definition of “subgrade crawlspace” (no more than 5 feet high and no more than 2 feet below ground level).

“Enclosure” The portion of an elevated building below the lowest elevated floor that is either partially or fully shut in by rigid walls.

“Elevated” A building that has no basement and has its lowest floor raised above ground level by foundation walls, shear walls, posts, piers, pilings, or columns.

“Crawlspace” Space beneath your home’s floor that is no more than 5 feet high.

But if the crawlspace is more than 2 feet below ground level on all four sides, it is considered a “basement.”

“Subgrade Crawlspace” A crawlspace that is no more than 2 feet below ground level on all sides.

The rates also vary depending on the zone your home is in, whether it is your primary residence, whether it has been “substantially damaged” or “substantially improved”, and whether the property has had “severe repetitive loss.”

“Substantial damage” Damage from any cause to a building whereby the cost of restoring the building to its before-damaged condition equals or exceeds 50% of the market value of the building before the damage occurred.

Note: the market value of the building does not include the value of the land the building sits on.

“Substantial improvement” Any reconstruction, rehabilitation, addition or other improvement of a building the cost of which equals or exceeds 50% of the market value of the building before the start of construction of the improvement.
“Severe repetitive loss”† Any property (regardless of who owned it at the time) that has had any of the following‡:

- 4 or more separate flood loss claim payments of more than $5,000 each (including building and contents payments); or
- 2 or more separate building claim payments where the total of the payments exceeds the current value of the property.

Anyone with a “severe repetitive loss” property should have been notified of this already by FEMA or by your insurance carrier. If you have not been notified, you probably do not have a “severe repetitive loss” property.

A home’s elevation in relation to Base Flood Elevation is irrelevant for these subsidized pre-FIRM premiums.

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† Since severe repetitive loss properties are rare, this manual does not include rating examples. If you have one of these properties and would like an estimate of what your rates will be increasing to (full risk rate), contact one of the Legal Services NYC offices listed in the beginning of this manual.
‡ The payments must have been within 10 years of each other, but could have occurred more than 10 years ago.
Alert: In many cases, the standard rate will be cheaper than the subsidized pre-FIRM rate

- If your ground elevation is close to the current or future BFE for your area, your “subsidized” rate may be much higher—$1,000 to $3,000 higher—than your unsubsidized, standard rate.

- FEMA will keep charging the pre-FIRM subsidized rate, and keep increasing the premium, until you ask what your standard rate is.

- You will need an elevation certificate to do this.

- Once you have the elevation certificate, give it to your insurer and ask what the standard (Post-FIRM) premium would be for your home.

- You can then pick whichever is cheaper. You have a right to have your policy rated using the cheapest of the two rates.

- If you are in Build It Back, you can find out your ground elevation (called LAG) from your Feasibility Report, on the first page (see p. 15 of this manual). If the ground elevation is within about 2 feet of your current BFE (not the BFE on the Feasibility Report—that’s future), it is probably worth getting an elevation certificate. (Go to floodhelpny.org to see your current BFE.)

- This could save you a lot of money right now.
The following Pre-FIRM subsidized rate tables are for single-family homes. The rates for contents coverage for 2-4 family homes are slightly different, depending on whether the contents are above or below ground level.

The Pre-FIRM subsidized rates for “substantially damaged” or “substantially improved” properties in A and V zones are slightly higher than the rates in the tables below.

Temporary Subsidized Premiums for Homes Built Before 1983 (“Pre-FIRM”)

This subsidy applies only if the home is your primary residence.

The subsidy is temporary: your rates will gradually increase to the standard rates

X Zone

The pre-FIRM “subsidized” rates for X zone primary homes are identical to the standard X zone rates.

To find your rates in an X zone, go to the standard rate section.

The premiums below are annual premiums (per year), and assume a $2,000 deductible.

<table>
<thead>
<tr>
<th>Building Type</th>
<th>$250,000 structure, $100,000 contents</th>
<th>$200,000 structure, $50,000 contents</th>
<th>$250,000 structure only, no contents</th>
<th>$200,000 structure only, no contents</th>
<th>$100,000 structure only, no contents</th>
</tr>
</thead>
<tbody>
<tr>
<td>No basement</td>
<td>$3,803</td>
<td>$2,814</td>
<td>$2,534</td>
<td>$2,069</td>
<td>$1,137</td>
</tr>
<tr>
<td>With basement</td>
<td>$4,811</td>
<td>$3,414</td>
<td>$3,428</td>
<td>$2,738</td>
<td>$1,358</td>
</tr>
<tr>
<td>Elevated on Enclosure</td>
<td>$5,526</td>
<td>$3,870</td>
<td>$3,935</td>
<td>$3,124</td>
<td>$1,468</td>
</tr>
<tr>
<td>Elevated on Crawlspace</td>
<td>$4,108</td>
<td>$2,814</td>
<td>$2,517</td>
<td>$2,069</td>
<td>$1,137</td>
</tr>
<tr>
<td>Non-Elevated with Subgrade Crawlspace</td>
<td>$3,901</td>
<td>$2,423</td>
<td>$2,517</td>
<td>$2,069</td>
<td>$1,137</td>
</tr>
</tbody>
</table>

A, AE or AO Zone Single Family Primary Residence

V or VE Zone Single Family Primary Residence

<table>
<thead>
<tr>
<th>Building Type</th>
<th>$250,000 structure, $100,000 contents</th>
<th>$200,000 structure, $50,000 contents</th>
<th>$250,000 structure only, no contents</th>
<th>$200,000 structure only, no contents</th>
<th>$100,000 structure only, no contents</th>
</tr>
</thead>
<tbody>
<tr>
<td>No basement</td>
<td>$8,855</td>
<td>$5,675</td>
<td>$5,413</td>
<td>$4,251</td>
<td>$1,894</td>
</tr>
<tr>
<td>With basement</td>
<td>$10,637</td>
<td>$7,187</td>
<td>$7,653</td>
<td>$5,917</td>
<td>$2,409</td>
</tr>
<tr>
<td>Elevated on Enclosure</td>
<td>$12,288</td>
<td>$8,222</td>
<td>$8,855</td>
<td>$6,802</td>
<td>$2,662</td>
</tr>
<tr>
<td>Elevated on Crawlspace</td>
<td>$8,855</td>
<td>$5,675</td>
<td>$5,413</td>
<td>$4,251</td>
<td>$1,894</td>
</tr>
<tr>
<td>Non-Elevated with Subgrade Crawlspace</td>
<td>$8,397</td>
<td>$5,522</td>
<td>$5,413</td>
<td>$4,251</td>
<td>$1,894</td>
</tr>
</tbody>
</table>
Grandfathering

There are two types of grandfathering:

1. **“Built-in-Compliance” grandfathering:**

   Applies only to homes built after November 16, 1983 that are currently in an AE zone or VE zone.

   - If your home was built after November 1983, it should have been built to comply with the flood risk management rules in your area, meaning its lowest inhabited floor should be above the current Base Flood Elevation (BFE):
   - If your property is in a “Special Flood Hazard Area” (AE or VE zone), it had a base flood elevation (BFE) requirement when it was built. (The same BFE that is in effect today—New York City has had the same FIRM since 1983.)
   - An example is a home with the living quarters above unfinished space on the ground floor that is used just for parking or storage, or an above-ground crawlspace with flood vents).

   [If your home was built after 1983 but did not comply with the flood risk management rules (for example, because its lowest floor is below the BFE), you may qualify for “Continuous Coverage” grandfathering.]

   **Eligibility:**

   - Your home was built in compliance with the FIRM requirements (base flood elevation, etc.) in effect at the time it was built;
   - You (or a prior owner) have not altered the home to make the “lowest floor” below the BFE, (for example by converting a first-floor garage to living space); and
   - Any ground-floor space must be unfinished and used only for parking, storage or building access;
   - Any enclosed area below the living floors must have proper flood openings (AE zones) or breakaway walls (VE zones).
   - People currently in the X zone do not qualify for Built-in-Compliance grandfathering.

You do not need to have a flood insurance policy before the new flood maps are adopted to be eligible for this type of grandfathering.

**If you qualify, you will be grandfathered into your current zone and BFE when the maps change. This should keep your flood insurance cost fairly close to what it is now.**
2. **“Continuous Coverage” grandfathering:**

This subsidy applies to homes built *before or after* 1983 (pre- or post-FIRM homes).

**Eligibility:**

- You *(and any prior owner)* have maintained continuous coverage *since coverage was first purchased for the building*; *and*
- Going forward, you never let the policy drop.

To find out whether a prior owner ever dropped the flood insurance on the property, contact your flood insurance broker or the NFIP. They should be able to tell you the insurance history of the property;

YOU MUST BUY A POLICY BEFORE THE MAPS CHANGE TO QUALIFY!

If you grandfather, you will pay the standard rates for the zone or BFE in effect when you first bought the policy (your current zone and BFE).

(Remember, if you are in an X zone now and have a Preferred Risk Policy, you will not be able to keep that low rate when you grandfather. You will pay the standard X-zone rates, which are much costlier than the PRP rate.)

If you let the policy drop, you **permanently** lose grandfathering and switch to the standard rate for your new zone and BFE.
Subsidy Option When Flood Risk Maps Change

“Newly Mapped” Subsidy

This option applies only to properties that are currently in a moderate flood risk area (X zone) and are being mapped into a high risk area (Special Flood Hazard Zone—for example, AE or VE).

If you are already in an AE or VE zone, you are not eligible for this subsidy.

This is a temporary subsidy that is similar to “grandfathering.” If you’re eligible, you start at the Preferred Risk Rate ($500 or less), and your premium will gradually increase until you reach the standard rates for the X zone.

Eligibility:

- Your home is currently in an X zone, and
- It is moving to an AE or VE zone under the new maps, and
- You buy a flood insurance policy within 12 months after the new maps are adopted in NYC, and
- You would be eligible for the Preferred Risk Policy (while you were still in the X zone): You’ve only had one flood loss payment for building damage over $1,000 from FEMA, flood insurance or SBA for a single flood even. (Multiple payments for Sandy only count as one payment, because they were all from the same flood.)

The subsidy:

- You will receive the Preferred Risk Policy rate (about $500) for the first year of your policy.
- After the first year, your premium will increase by 15-18% per year until you reach the standard rates for the X zone.
Standard Premiums (called “Post-FIRM”)

The following tables show the standard (unsubsidized) premiums for NYC’s main flood-risk zones (X, AE and VE).

Standard Premiums: X Zone (1-4 Family Home)

<table>
<thead>
<tr>
<th>Building Type</th>
<th>Building Only, No Contents</th>
<th>Building Only, No Contents</th>
<th>Building Only, No Contents</th>
<th>Building Only, No Contents</th>
<th>Building Only, No Contents</th>
</tr>
</thead>
<tbody>
<tr>
<td>No basement, cellar or enclosure</td>
<td>$2,209</td>
<td>$2,055</td>
<td>$1,355</td>
<td>$1,200</td>
<td>$890</td>
</tr>
<tr>
<td>With basement/cellar</td>
<td>$2,677</td>
<td>$2,132</td>
<td>$1,700</td>
<td>$1,476</td>
<td>$1,028</td>
</tr>
<tr>
<td>With enclosure</td>
<td>$2,825</td>
<td>$2,217</td>
<td>$1,787</td>
<td>$1,541</td>
<td>$1,046</td>
</tr>
<tr>
<td>with crawlspace (above ground or below)</td>
<td>$2,209</td>
<td>$2,055</td>
<td>$1,355</td>
<td>$1,200</td>
<td>$890</td>
</tr>
</tbody>
</table>

“Basement” Any area of the home having its floor below ground level on all sides and more than 5 feet high.

“Enclosure” Any portion of your home that is below the “lowest floor” (where elevation measured from) that is partly or fully enclosed by rigid walls, and is more than 5 feet high. In other words, an elevated home where the living quarters are raised above ground more than 5 feet, such as a home on top of an enclosed garage.

“Crawlspace” Space beneath your home’s floor that is no more than 5 feet high.

If you have a 2-4 family home: Rates for contents coverage for 2-4 family homes in the X zone may be slightly different, depending on the location of the contents.
## Standard Premiums: AE Zone 1-4 Family Homes

<table>
<thead>
<tr>
<th>Building Type</th>
<th>Elevation relative to BFE (in feet)</th>
<th>$250,000 building, $100,000 contents</th>
<th>$200,000 building, $50,000 contents</th>
<th>$250,000 building only</th>
<th>$200,000 building only</th>
<th>$100,000 building only</th>
<th>$60,000 building only</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Story only</td>
<td>No Basement, Cellar, Enclosure or Crawlspace</td>
<td>$635</td>
<td>$521</td>
<td>$422</td>
<td>$377</td>
<td>$285</td>
<td>$248</td>
</tr>
<tr>
<td></td>
<td>+2</td>
<td>$759</td>
<td>$645</td>
<td>$546</td>
<td>$501</td>
<td>$409</td>
<td>$372</td>
</tr>
<tr>
<td></td>
<td>+1</td>
<td>$1,048</td>
<td>$922</td>
<td>$818</td>
<td>$761</td>
<td>$646</td>
<td>$600</td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>$2,055</td>
<td>$1,895</td>
<td>$1,701</td>
<td>$1,610</td>
<td>$1,426</td>
<td>$1,352</td>
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<tr>
<td></td>
<td>-1</td>
<td>$4,777</td>
<td>$4,341</td>
<td>$4,066</td>
<td>$3,878</td>
<td>$3,498</td>
<td>$3,346</td>
</tr>
<tr>
<td></td>
<td>-2</td>
<td>$7,192</td>
<td>$5,616</td>
<td>$5,030</td>
<td>$5,461</td>
<td>$4,300</td>
<td>$3,835</td>
</tr>
<tr>
<td></td>
<td>-4</td>
<td>$11,481</td>
<td>$9,992</td>
<td>$9,520</td>
<td>$8,378</td>
<td>$6,098</td>
<td>$5,188</td>
</tr>
<tr>
<td></td>
<td>-6</td>
<td>$16,215</td>
<td>$14,605</td>
<td>$13,428</td>
<td>$12,232</td>
<td>$9,817</td>
<td>$8,851</td>
</tr>
<tr>
<td></td>
<td>-8</td>
<td>$19,430</td>
<td>$17,211</td>
<td>$15,963</td>
<td>$14,307</td>
<td>$10,972</td>
<td>$9,638</td>
</tr>
<tr>
<td>2 or More Stories</td>
<td>No Basement, Cellar, Enclosure or Crawlspace</td>
<td>$628</td>
<td>$514</td>
<td>$415</td>
<td>$370</td>
<td>$278</td>
<td>$241</td>
</tr>
<tr>
<td></td>
<td>+2</td>
<td>$704</td>
<td>$590</td>
<td>$491</td>
<td>$446</td>
<td>$354</td>
<td>$317</td>
</tr>
<tr>
<td></td>
<td>+1</td>
<td>$905</td>
<td>$785</td>
<td>$692</td>
<td>$642</td>
<td>$538</td>
<td>$497</td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>$1,605</td>
<td>$1,468</td>
<td>$1,303</td>
<td>$1,235</td>
<td>$1,097</td>
<td>$1,042</td>
</tr>
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<td></td>
<td>-1</td>
<td>$3,206</td>
<td>$2,862</td>
<td>$2,706</td>
<td>$2,523</td>
<td>$2,155</td>
<td>$2,008</td>
</tr>
<tr>
<td></td>
<td>-2</td>
<td>$4,498</td>
<td>$4,038</td>
<td>$3,643</td>
<td>$3,384</td>
<td>$2,844</td>
<td>$2,628</td>
</tr>
<tr>
<td></td>
<td>-4</td>
<td>$7,952</td>
<td>$7,389</td>
<td>$6,465</td>
<td>$6,137</td>
<td>$5,459</td>
<td>$5,188</td>
</tr>
<tr>
<td></td>
<td>-6</td>
<td>$11,205</td>
<td>$10,561</td>
<td>$9,069</td>
<td>$8,695</td>
<td>$7,925</td>
<td>$7,616</td>
</tr>
<tr>
<td></td>
<td>-8</td>
<td>$13,215</td>
<td>$12,266</td>
<td>$10,474</td>
<td>$9,905</td>
<td>$8,743</td>
<td>$8,279</td>
</tr>
<tr>
<td>2 or More Stories (includes basement, etc.)</td>
<td>with Basement, Cellar, Enclosure or Crawlspace</td>
<td>$628</td>
<td>$514</td>
<td>$415</td>
<td>$370</td>
<td>$278</td>
<td>$241</td>
</tr>
<tr>
<td></td>
<td>+2</td>
<td>$683</td>
<td>$569</td>
<td>$470</td>
<td>$425</td>
<td>$333</td>
<td>$297</td>
</tr>
<tr>
<td></td>
<td>+1</td>
<td>$801</td>
<td>$682</td>
<td>$589</td>
<td>$538</td>
<td>$435</td>
<td>$393</td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>$975</td>
<td>$850</td>
<td>$762</td>
<td>$706</td>
<td>$591</td>
<td>$545</td>
</tr>
<tr>
<td></td>
<td>-1</td>
<td>$1,173</td>
<td>$1,030</td>
<td>$951</td>
<td>$883</td>
<td>$745</td>
<td>$690</td>
</tr>
<tr>
<td></td>
<td>with basement/cellar (machinery in it)</td>
<td>-2</td>
<td>$2,241</td>
<td>$2,074</td>
<td>$1,933</td>
<td>$1,841</td>
<td>$1,634</td>
</tr>
<tr>
<td></td>
<td>with basement/cellar (no machinery in it)</td>
<td>-2</td>
<td>$1,838</td>
<td>$1,688</td>
<td>$1,529</td>
<td>$1,455</td>
<td>$1,282</td>
</tr>
<tr>
<td></td>
<td>with basement/cellar (machinery in it)</td>
<td>-4</td>
<td>$3,817</td>
<td>$3,437</td>
<td>$3,451</td>
<td>$3,152</td>
<td>$2,531</td>
</tr>
<tr>
<td></td>
<td>with basement/cellar (no machinery in it)</td>
<td>-4</td>
<td>$3,091</td>
<td>$2,855</td>
<td>$2,725</td>
<td>$2,570</td>
<td>$2,237</td>
</tr>
<tr>
<td></td>
<td>with basement/cellar (machinery in it)</td>
<td>-6</td>
<td>$5,015</td>
<td>$4,314</td>
<td>$4,609</td>
<td>$4,005</td>
<td>$2,775</td>
</tr>
<tr>
<td></td>
<td>with basement/cellar (no machinery in it)</td>
<td>-6</td>
<td>$4,301</td>
<td>$3,755</td>
<td>$3,895</td>
<td>$3,446</td>
<td>$2,526</td>
</tr>
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<td></td>
<td>with basement/cellar (machinery in it)</td>
<td>-8</td>
<td>$6,586</td>
<td>$5,672</td>
<td>$5,820</td>
<td>$5,061</td>
<td>$3,520</td>
</tr>
<tr>
<td></td>
<td>with basement/cellar (no machinery in it)</td>
<td>-8</td>
<td>$5,457</td>
<td>$4,189</td>
<td>$4,691</td>
<td>$4,196</td>
<td>$3,184</td>
</tr>
</tbody>
</table>
**Standard Premiums: VE Zone 1-4 Family Homes (un-elevated homes)**

<table>
<thead>
<tr>
<th>Building Type</th>
<th>Elevation relative to BFE (in feet)</th>
<th>$250,000 building, $100,000 contents</th>
<th>$200,000 building, $50,000 contents</th>
<th>$250,000 building only</th>
<th>$200,000 building only</th>
<th>$100,000 building only</th>
<th>$60,000 building only</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Story only</td>
<td>No Basement, Cellar, Enclosure or Crawlspace</td>
<td>0 or higher</td>
<td>$6,623</td>
<td>$5,484</td>
<td>$4,207</td>
<td>$3,821</td>
<td>$3,039</td>
</tr>
<tr>
<td></td>
<td>-1</td>
<td>$22,760</td>
<td>$16,348</td>
<td>$13,614</td>
<td>$11,423</td>
<td>$7,030</td>
<td>$5,273</td>
</tr>
<tr>
<td>2 or more Stories</td>
<td>No Basement, Cellar, Enclosure or Crawlspace</td>
<td>0 or higher</td>
<td>$5,596</td>
<td>$4,509</td>
<td>$3,710</td>
<td>$3,325</td>
<td>$2,543</td>
</tr>
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<td>-1</td>
<td>$19,568</td>
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<td>$13,165</td>
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<td>$6,581</td>
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<tr>
<td>2 or More Stories (includes basement, etc.)</td>
<td>with Basement, Cellar, Enclosure or Crawlspace</td>
<td>0 or higher</td>
<td>$4,857</td>
<td>$3,851</td>
<td>$3,420</td>
<td>$3,035</td>
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</tr>
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<td>$13,433</td>
<td>$10,650</td>
<td>$11,871</td>
<td>$9,732</td>
<td>$5,443</td>
<td>$3,727</td>
</tr>
</tbody>
</table>

**If your home’s elevation is lower than -1** (1 foot below the Base Flood Elevation):

Premiums for VE zone homes below -1 elevation relative to BFE involve different factors than for AE or X zones.

The cost of coverage for those below -1 elevation compared to BFE depends on the amount of coverage you need compared to the replacement cost of your home. The lower your house, the higher your rate.

You will need to talk to an insurance broker to find out your cost.

**If your home is elevated**

Premiums for elevated homes in the VE zone involve different factors than un-elevated homes.

You will need to talk to an insurance broker to find out your cost.
Can I Lower My Premium By Increasing My Deductible?

Increasing your deductible can reduce your premiums.

High Deductibles are not available for some subsidized policies.

If you have a mortgage, your mortgage company may not allow a very high deductible.

The tables below show only roughly how a deductible reduces your premium. Since the “deductible factor” is applied before certain fees and the “ICC” premium are added to the cost, the actual effect on your premium will be slightly less than what is shown below. Also, the deductible varies according to whether you are buying building-only coverage, or building and contents coverage. These tables are for building-only polices.

For standard rate premiums—Building-only coverage:

<table>
<thead>
<tr>
<th>Deductible</th>
<th>How It Reduces Your Premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>$3,000</td>
<td>You pay 88.5 % of the normal premium</td>
</tr>
<tr>
<td>$5,000</td>
<td>You pay 78.5 % of the normal premium</td>
</tr>
<tr>
<td>$10,000</td>
<td>You pay 65 % of the normal premium</td>
</tr>
</tbody>
</table>

For “pre-FIRM” subsidized premiums—Building-only coverage:

<table>
<thead>
<tr>
<th>Deductible</th>
<th>How It Reduces Your Premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>$3,000</td>
<td>You pay 94.5 % of the normal premium</td>
</tr>
<tr>
<td>$5,000</td>
<td>You pay 84 % of the normal premium</td>
</tr>
<tr>
<td>$10,000</td>
<td>You pay 70 % of the normal premium</td>
</tr>
</tbody>
</table>
Beware of “Force-Placed” Flood Insurance!

If you have a mortgage and are in an AE or VE zone (Special Flood Hazard Area), you must purchase flood insurance.

The amount of building coverage you buy must equal the unpaid balance of your mortgage, the replacement cost of the building, or $250,000, whichever is less. You are not required to buy contents coverage (but it is a good idea, if you can afford it).

If you have a mortgage and you do NOT purchase flood insurance for the building, your mortgage company can and probably will “force place” flood insurance on your home. This means the mortgage company buys the insurance for the building and passes the cost of it on to you in your monthly mortgage bill.

The cost of force-placed flood insurance may be much higher than if you bought the policy yourself.

For example:

If your **mortgage balance is over $250,000**, your mortgage company can charge you:

- **in an AE zone:**
  - $10,156 per year for building-only coverage
  - $14,181 per year for building and contents coverage.

- **in a VE zone:**
  - $31,776 per year for building-only coverage
  - $44,425 per year for building and contents coverage

Even **if you only owe $100,000** on your mortgage, your mortgage company can charge you:

- **in an AE zone:**
  - $4,981 per year for building-only coverage
  - $8,925 per year for building and contents coverage

- **in a VE zone:**
  - $12,801 per year for building-only coverage
  - $25,451 per year for building and contents coverage.
Many newer homes in the current high risk flood zone were built as elevated homes. This applies mainly to homes built after 1983, when New York City adopted its first flood rate maps (FIRMs). Many of these homes were later converted to make living quarters—a kitchen, bedrooms, family room—on the ground floor, which was formerly an unfinished garage or other non-living space. In some cases, the conversion was done by the current owner. In other cases, the current homeowner purchased the home believing that the converted ground floor complied with building codes. In either case, this conversion increases the flood insurance cost in most cases: the floor (where the rug lies) of the converted ground-level story will be the point at which the home’s elevation will be measured for purposes of flood insurance premiums, and it will not count as an “elevated” home for flood insurance rating.

The home’s Certificate of Occupancy (available online from the NYC buildings department) may state whether the first floor was supposed to be living quarters. A garage door on the front of a non-garage space is an indication that your first floor has been converted.

If a building located in an AE zone has an enclosure below the elevated story, such as a garage, the floor of that ground-level story will be the point from which the home’s elevation will be measured, if:

- The ground-floor space is finished (more than 20 linear feet of interior finished wall); or
- The ground-floor space is used for anything other than building access, parking, or storage; or
- The ground-floor space does not have flood vents (to let water flow out).

Some homes with converted ground floors may not need to be further elevated:

The good news is that homeowners with converted ground floors may not have to physically elevate the home to meet current BFE requirements and reduce flood insurance cost. If the original lowest floor for living (above the garage floor) is already at or above the new BFE, the homeowner can restore the ground floor to a garage or storage space (removing finishing) and pay low flood insurance premiums. This is much cheaper than elevating the home.

The bad news is that the homeowner will lose the lowest floor as living space.

Is it possible to leave the finishing in place on the ground floor and still use the higher floor as the home’s elevation point, for purposes of flood insurance rating?

According to NFIP regulation, no. However, in the past, NFIP has not always checked whether the ground floors of elevated homes were finished. Many people received flood insurance payments after Sandy for losses in converted ground floors. This may not continue, and cannot be relied on in any event. Be aware, though, that a homeowner who receives a policy that is rated as an elevated home, despite a finished ground floor, will have very limited coverage for any loss below the elevated floor.
**Increased Cost of Compliance Coverage and Eligibility**

The National Flood Insurance Program (NFIP) standard flood insurance policy, which the vast majority of flood insured homeowners have, includes coverage for some homeowners to pay for some of the cost of home elevation or loss mitigation that brings the lowest floor to or above the BFE (e.g. basement or crawlspace fill-in). The coverage is called Increased Cost of Compliance (ICC).

**Coverage:**

- Up to $30,000.
- Subject to $250,000 maximum NFIP payout.
- Available only to homeowners whose homes were substantially damaged (50% or more of the structure value) or are a “repetitive loss structure” (2 flood damage claims during a 10-year period which combined reached 50% or more of the structure value).
- The 50% damage threshold includes only flood damage, not flood and wind combined.

**Uses:**

- Elevating the home;
- Demolishing the home;
- Relocating the home (the building);
- Filling a crawlspace or basement? Yes, if the filling brings the lowest floor for rating up to or above the BFE, ICC should be available for it. FEMA would have to accept this as a form of “elevation.” We don’t yet know if they will.

**Examples:**

- Homeowner A has $250,000 in building coverage under her flood insurance policy. She received $200,000 payment for Sandy damage to her home. Her home (structure only) is valued at $120,000. She is eligible for ICC.
- Homeowner B has $200,000 in building coverage and received $200,000 in flood insurance payment for Sandy damage, which is greater than 50% of the structure value. He is eligible for an additional $30,000 from ICC.
- Homeowner C has $250,000 in building coverage and received $230,000 in insurance payment. She is eligible for $20,000 in ICC coverage.

**Deadline to complete mitigation work for an ICC claim:** October 28, 2018 (six years from loss)

The standard flood insurance policy states that an ICC claim must be filed and work completed within 2 years of the date of loss, but that deadline was extended to 6 years by FEMA Bulletin W-15038 (August 10, 2015).